

Questionnaire on Standard Costing of Labor

Does your Lab do Standard Costing for Labor?

Yes. Productive time is charged at standard hourly rates and non-productive time (vacation, sick leave, holiday, etc...) is charged at actual hourly rates.

How do you develop the standard rates? (i.e. Salary Range; Job Description) Explain in detail, please.

Develop nineteen hourly standard salary ranges (between \$low value – \$high value) and calculate the weighted average hourly salary rate per each range. Iterate the range estimates until the population distribution in each category fits an appropriate profile.

How long did it take, work hours, to complete this development and for how many staff members.

Initial rate development 5-7 days, monthly maintenance 2 days per month.

How many rates do you have for each job category or job family?

We have nineteen standard salary ranges, but they are for all job classes. We do not have separate rates for each job class.

What is your hourly basis (Actual hours, 40 hours standard, 2080 year, other)

Total regular (non-overtime) hours available per year. This varies based on the number of days in the fiscal year.

What is name of the pool and what is included in the Pool (such as Labor and Paid Time Off, any other items)

Standard Salary is the name of the pool, and productive standard salary costs are included in the pool. Note: non productive standard salary costs are not directly charged to cost objectives, these costs are accumulated in the payroll burden cost pool and distributed to cost objectives via our payroll burden rate based on productive standard salary costs.

For Lab's that use a standard costing system, What Reconciliation's are Required?

Variance analysis is performed monthly and rates are changed if there is a material variance.

How do you dispose of your variances? Is this methodology CAS compliant?

Final immaterial variance falls into the year-end close of YN01 (G&A), and a material variance causes a rate change. Yes.

Under what conditions would you modify your standard rates?

If the year-end variance was material.

Is this done Retroactively or Prospectively? **Prospectively**

What is your threshold as a percentage or dollar amount or both of variances to change your standard rates?

This threshold is analyzed for materiality on an annual basis.

What are the resources (how many people, etc.) necessary to maintain Standard Rates:

In Human Resources **Zero**

In Accounting **Zero**

In Budget and Analysis **0.5 FTE**

For labs that converted from “actual” to “standard” rates, what benefit did you realize from standard Rates (Who received benefit, Cost savings, etc).

Not applicable

Have you been on Standard Rates and have gone back to Actual (If so, Why)

No

What was the transition process? **Not applicable**

Was this implemented at the start of the fiscal year? **Not applicable**

Did the lab had to submit a CAS change and if so, was it difficult getting approval from DOE.

What other wisdom would you pass along regarding Standard Costs?

Point of Contact for Discussions: **Lon Freeman (925) 423-6299**